

Message Text

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PAGE 01 PRETOR 04513 311518Z

ACTION COME-00

INFO OCT-01 AF-10 ISO-00 DODE-00 EB-08 NSAE-00 USIA-06

TRSE-00 ERDA-05 CIAE-00 SY-05 /035 W

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FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC 8664

C O N F I D E N T I A L PRETORIA 4513

E.O. 11652: GDS

TAGS: ASEC, SF

SUBJECT: POSSIBLE DIVERSION OF US GOODS - CGS THERMODYNAMICS

REF: STATE 194513,

1. ROBERT S. GOLDFIELD, PRESIDENT OF CGS SCIENTIFIC CORP (US), CALLED ON EMBASSY OFFICERS AUGUST 24 AND 26 AT END OF SEVERAL WEEK VISIT TO SOUTH AFRICA. GOLDFIELD STATED PURPOSE OF HIS VISIT WAS (1) TO ATTEMPT TO CLEAR UP STATUS OF MISSING SEMI-CONDUCTOR TEST EQUIPMENT AND (2) TO FINALIZE SALE OF CGS THERMODYNAMICS LTD (SA).

2. ON SECOND POINT, GOLDFIELD STATED COMPANY HAS NOW BEEN SOLD TO THREE EMPLOYEES OF CGS THERMODYNAMICS, KLEYN, MARA KRUGER, AND BERNARD HERMANSON FOR \$380,000. TERMS OF SALE WERE \$80,000 FROM PURCHASERS AND REMAINDER FINANCED THROUGH BANK LOAN. KRUGER INVESTED \$40,000, THEREFORE, SHE AND NOT KLEYN WILL HAVE CONTROLLING INTEREST. GOLDFIELD STATED CGS SCIENTIFIC WILL CONTINUE TO ACT AS SUPPLIER TO CGS THERMODYNAMICS.

3. ON TEST EQUIPMENT, GOLDFIELD STATED HE WAS NOT SUCCESSFUL IN ASCERTAINING STATUS OF EQUIPMENT. HE BELIEVES KLEYN WAS DUPED BY JAGAU THROUGHOUT AND THAT KLEYN DOES NOT KNOW WHEREABOUT OF EQUIPMENT OR ULTIMATE
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PAGE 02 PRETOR 04513 311518Z

ENDUSER. LOUIS NEL, WHO AGAIN WORKING FOR CGS THERMODYNAMICS, MAY HAVE MORE INFORMATION BUT REFUSED TO DIVULGE IT TO GOLDFIELD DUE TO PURPORTED SAG SECURITY RESTRICTIONS. GOLDFIELD MET WITH THERON OF DEPT. OF INDUSTRIES IN KLEYN'S PRESENCE AFTER KLEYN HAD HOUR-LONG PRIVATE MEETING WITH THERON. GOLDFIELD, WHO HAD BEEN COACHED BY EMBASSY, SAYS HE STRONGLY EMPHASIZED TO THERON

RISKS SA FACES TO ACQUISITION OF HIGH TECHNOLOGY EQUIPMENT
IF IT FAILS TO INVESTIGATE SERIOUSLY APPARENT DIVERSION
DRAWN TO HIS ATTENTION BY USG. UPSHOT OF MEETING WAS
THAT KLEYN AND NEL WOULD MEET AGAIN WITH THERON AUGUST 31.

4. GOLDFIELD STATED HE WOULD BE GIVING FULL REPORT OF HIS
VISIT TO USDOC OFFICIALS WITH WHOM HE HAS PREVIOUSLY BEEN
IN CONTACT.

5. COMMENT: GOLDFIELD APPEARED TO BE EARNESTLY ATTEMPTING
TO GET TO BOTTOM OF CGS MYSTERY BUT HE COULD NOT BE SHAKEN
FROM HIS BELIEF THAT KLEYN IS A DUPE. KLEYN WAS SUPPOSED
TO PHONE EMBASSY RIGHT AFTER MEETING WITH THERON AUGUST 31
BUT WE ARE NOT SURPRISED THAT HE HAS SO FAR FAILED TO
DO SO. IF GOLDFIELD'S RECOUNTING OF THERON MEETING
IS ACCURATE, ONE POSITIVE OUTCOME MAY BE TO AROUSE
THERON'S CONCERN SUFFICIENTLY TO PURSUE MATTER.
GOLDFIELD'S REPORT SEEMS TO BEAR OUT OUR SUSPICIONS THAT HE HAD
NOT GONE INTO IT CAREFULLY BEFORE GIVING STATUS REPORT
TO EMBOFF ON PHONE MAY 13 (PRETORIA 2387).
BOWDLER

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